

Testimony text:

TESTIMONY OF SENATOR CLAIRE MCCASKILL
BEFORE THE U.S. INTERNATIONAL TRADE COMMISSION
BIODIESEL FROM ARGENTINA AND INDONESIA
INVESTIGATIONS 701-TA-571-572 AND 731-TA-1347-1348

NOVEMBER 9, 2017

Chairman Schmidlein, Members of the Commission, thank you for allowing me to advocate on behalf of Missouri workers in the soybean and biodiesel industries, and the tens of thousands of workers in these industries nationwide.

I submit this testimony in support Missouri's biodiesel and soybean producers and their workers. Nationwide, the biodiesel market supports roughly 64,000 jobs—with roughly 8,350 of those jobs in Missouri. The state of Missouri is the third-largest producer of biodiesel and a major producer of soybeans. We have six active biodiesel plants in Missouri, with a combined capacity of 235 million gallons. These plants, and their related crushing facilities, are located in towns like Deerfield, St. Joseph, and Mexico and support hundreds of jobs in rural Missouri. The soybean industry has created 3,000 direct jobs and 6,400 indirect jobs in Missouri, and adds \$1.7 billion in economic benefits to the state. As Chairman Schmidlein, hailing from the Show-Me State, knows, corn and beans are the cornerstone of Missouri's economy.

These workers, and my state's economy, are being harmed by the hundreds of millions of gallons of Argentinian and Indonesian biodiesel that is unfairly being dumped into the United States. Due to favorable export tax regimes, Argentinian soybean costs that are less than half of world market prices, Indonesian palm oil prices are severely depressed. These low feedstock prices drastically lower costs for Argentinian and Indonesian biodiesel producers. Additionally, Indonesia's Biodiesel Subsidy Fund provides hundreds of millions of dollars in state grants to its biodiesel industry. A recent countervailing duty (CVD) decision by the Department of Commerce confirmed these subsidies.

These subsidies allow Argentinian and Indonesian producers to dump cheap biodiesel in the United States. Imports from these companies have increased by an astounding 463 percent, capturing more than 20 percentage points of market share from U.S. producers. Total U.S. imports of biodiesel hit a record 916 million gallons in 2016. This is far from a fair playing field for Missouri's biodiesel producers and soybean farmers.

While demand for and consumption of biodiesel is growing, domestic producers' capital expenditures have declined and they are failing to reinvest in the market, and as a result are buying fewer American soybeans. These companies have the will and ingenuity to grow, but can't because international competitors are not playing by the rules.

The United States has made a policy choice to promote biofuels to reduce our reliance on oil and decrease carbon. But unfair trade practices that threaten our domestic industries could result in reductions of U.S. biodiesel production that will have negative consequences in the long run for both American energy independence and our environment.

Our trade laws exist to prevent this from happening, and to protect our American farmers and workers from unfair trade practices. The U.S. International Trade Commission has already wisely preliminarily acknowledged that this dumping is occurring, setting preliminary duties on both soy-based biodiesel from Argentina and palm oil biodiesel from Indonesia. The ITC should finalize these duties to ensure fair competition for our biodiesel producers and protect our soy producers from distorted markets. Soybean and biodiesel producers in Missouri and across America can compete with anyone in the world, but they need a level playing field to do so.

The biodiesel and the soybeans we're talking about today aren't just products of commerce—they represent jobs for folks in my state. And when those jobs are threatened by unfair trade practices on the part of a foreign competitor, I'm not just going to sit by, and neither should you. After all the hard work done to expand free and fair trade with other nations, it is your job to ensure that U.S. companies have a level playing field. You have already preliminarily determined that dumping is occurring, and should now finalize antidumping duties.